Amoco Canada Petroleum Company Ltd.

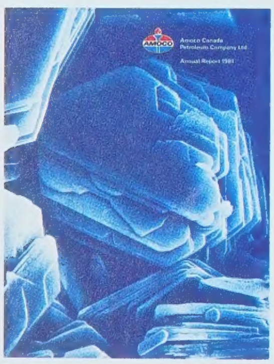
Annual Report 1981

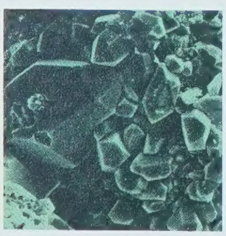
Contents

Exploration technologist Ray Strom photographs samples of rocks and fossils associated with geological formations which sometimes contain oil or gas. The material, examples of which are shown below, is magnified many thousands of times and photographed through Amoco Canada's Scanning Electron Microscope. These photographs help the company's exploration staff to assess the hydrocarbon potential of geological formations.

Cover Photo

Crystals of a clay mineral (kaolinite) occur in the pore system of a sandstone reservoir.

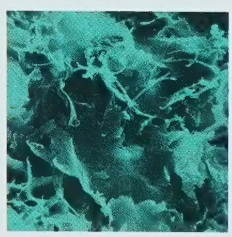




A second generation of quartz crystals grows upon a sand grain.

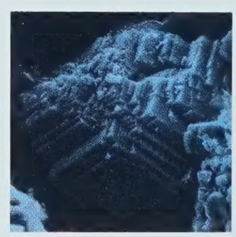
A plant microfossil recovered from a Devonian shale in an Amoco well.

Crystals of chlorite can cause problems in well completion.



Illite crystals bridge a pore in a Cretaceous reservoir.

Devonian algal body. This fossil is 350 million years old.



Dolomite crystals cement sand grains together in a Cretaceous reservoir.

Dome Pete Takeover 1988

Amoco Canada Petroleum Company Ltd.

The Year in Brief

Financial	1981	1980*	% Change
Total Revenues	$ 997 773 000	$ 982 641 000	+ 2
Net Income	91 588 000	131 501 000	– 30
Funds Provided from Operations	192 430 000	282 948 000	– 32
Capital and Exploration Expenditures	206 071 000	478 180 000	– 57
Total Assets	1 580 600 000	1 505 287 000	+ 5
Working Capital	77 200 000	44 312 000	+ 74

Operating			
Crude Oil and Natural Gas Liquids,			
Net Production (cubic metres per day)	7 654	8 685	– 12
Natural Gas Sold (thousand cubic metres per day)	6 855	6 915	– 1
Land Holdings (thousand hectares)			
Gross	9 099	10 901	– 17
Net	4 786	5 633	– 15
Proved Reserves (Net) - at December 31			
Petroleum Operations			
Crude Oil (thousand cubic metres)	27 148	30 011	– 10
Natural Gas Liquids (thousand cubic metres)	6 020	6 590	– 9
Natural Gas (million cubic metres)	63 219	59 333	+ 7
Sulphur (thousand tonnes)	4 752	6 037	– 21
Mineral Operations			
Proved Ore reserves (thousand tonnes)	13 608	—	
Grade:			
Gold (grams per tonne)	3.874	—	

*Restated — Refer to Note 4 in Notes to Financial Statements

Note: Financial data throughout this report are stated in Canadian dollars and will not agree with those reported for Canadian operations in the annual report of the parent company, Standard Oil Company (Indiana). Data in the parent company report are stated in United States dollars and introduce variances which are the results of differences between Canadian and United States accounting practices.

Review and Outlook

H.O. Boswell,
Chairman

Amoco Canada's historically aggressive approach towards exploration for and production of oil and natural gas was abruptly reversed in 1981 due to government policies.

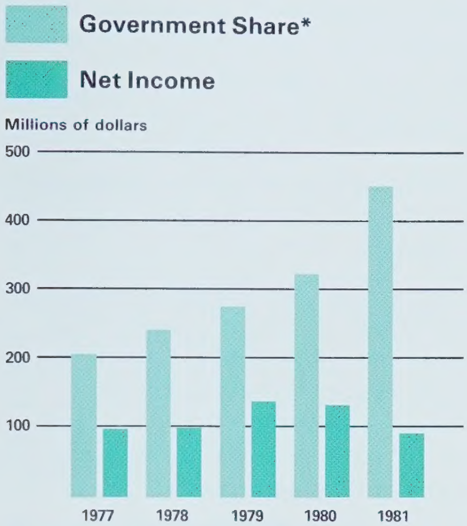
The federal government's National Energy Program, announced in late 1980, was primarily responsible for a near one-third reduction in both the company's 1981 net income and cash flow. Subsequently, the long-awaited pricing and revenue sharing agreement concluded between Ottawa and Alberta in September, 1981, did very little to improve the company's financial performance. Moreover, the Alberta crude oil production cutbacks, imposed during the federal-provincial negotiations, seriously reduced our production during the year. The after-effects of these cutbacks were continuing to impact on our production beyond year end.

During 1981, Amoco Canada's net income fell to $92 million, while total payments to governments, including royalties, reached almost $460 million. Thus, payments to governments were five times the size of the company's net income. Additionally, the governments' share has been steadily rising as shown on the graph on the facing page. As a result of these developments, capital and exploration expenditures were reduced by 57 percent in 1981 and, for the first time in four years, the company's reinvestment in Canadian operations dropped below 100 percent of its cash flow available for reinvestment.

This situation is regrettable. Canada has huge untapped petroleum resource potential which could provide oil self-sufficiency. However, instead of providing companies long active in Canada with incentives to continue to invest in the country's energy future, recent government policy has encouraged just the opposite. Vast investments are needed to find and develop the necessary resources, yet billions of dollars have left the country for the acquisition of foreign controlled petroleum assets. In addition, payments to foreign countries for imported crude oil rose to $6.6 billion in 1981. All this spending has done little or nothing to stimulate an ailing Canadian economy or to secure additional petroleum reserves for Canada.

N.J. Rubash,
President

Governments' Share of Gross Revenues



**Includes royalties, current income taxes and other taxes, but excludes bonus consideration and lease rentals which, for the year 1981, totalled \$3.5 million and \$8.7 million respectively.*

For the three years prior to 1981, Amoco Canada aggressively increased its investment in exploration and production programs from \$277 million to \$478 million. Prior to the introduction of the National Energy Program, the company was actively considering a 1981 investment program consistent with this strong growth in spending. However, in the face of a hostile political climate and a deteriorating economic environment, the company was obliged to severely curtail those ambitious plans.

Nonetheless, during the year, the company attempted to make the most of the prevailing unfavorable conditions by deploying its considerable technical resources in areas of greatest benefit.

Through successful marketing efforts, Amoco Canada obtained sales contracts for 3 billion cubic metres (106 billion cubic feet) of natural gas, representing a significant portion of the company's previously uncommitted reserves. As a result, the company's engineers and other Production Department staff were kept busy throughout the year designing and constructing new or expanded facilities to bring these new gas sales volumes on stream.

As well, the company received increased allowable production for four new enhanced recovery projects. And the reduced drilling program enjoyed a 64 percent success rate.

Despite our decrease in spending, the challenge for our skilled staff was maintained throughout the year. In addition to working on Canadian exploration projects, some explorationists contributed their expertise to projects outside Canada, and others accepted temporary or permanent transfers to affiliated operations abroad.

These transfers were facilitated by a corporate restructuring of the parent company's worldwide petroleum exploration and production activities which became effective on April 15, 1981. Under this reorganization, Amoco Canada became affiliated with Amoco Production Company (International), which is responsible to Standard Oil Company (Indiana) for petroleum operations in more than 40 countries outside of the United States.

Amoco Canada remains convinced that Canada's hydrocarbon energy potential is very large. Full realization of this potential will require a fundamental improvement in the current unfavorable political and economic climate for petroleum investment.

Piecemeal changes in the industry environment are not the answer to an early restoration of a healthy Canadian petroleum industry. Dramatic improvements will be required to return the industry to a robust level of activity.

Amoco Canada's track record speaks for itself. Despite the reduction in activity in 1981, the company remains well-positioned to contribute significantly to Canadian petroleum energy supply and to the economic wellbeing of the country. We hope we will be permitted to make these important contributions soon.

Finally, we wish to acknowledge with gratitude the guidance over many years of George H. Galloway, Chairman of our Board of Directors, and of Fraser H. Allen, President and Director, both of whom retired during the year. We also want to thank all of our employees for their patient and valued contributions to our operations.

H.O. Boswell
Chairman

N.J. Rubash
President

About the Company

Amoco Canada has been a major participant in Canada's oil and gas industry for more than 30 years. Corporate growth has in the main been achieved by the efforts of management and employees, rather than by the acquisition of other companies.

The company began operations in Calgary in 1948 as the Canadian Division of Stanolind Oil and Gas Company, a wholly owned subsidiary of Standard Oil Company (Indiana) with headquarters in Chicago, Illinois. The Canadian Division of Stanolind made its first commercial discovery in 1952 at St. Albert, north of Edmonton.

With the discovery of the Pembina field in 1954, Amoco Canada entered a new era of expansion. Through an aggressive acreage acquisition program in the Drayton Valley area, the company eventually became the largest single operator in Pembina.

In 1957, the company changed its name to Pan American Petroleum Corporation. In the same year, Pan American made an important crude oil discovery at the South Swan Hills field northwest of Edmonton. About 35 percent of Amoco Canada's current crude oil and natural gas liquids production still originates in this area. Two years later, Pan American made a series of important gas discoveries in northern British Columbia, on the Yukon-Northwest Territories border, and at Pine Creek, East Crossfield, Bigstone and Marten Hills in Alberta. In 1961, the company acquired the Canadian assets of Honolulu Oil Corporation, as part of Pan American's acquisition of most of that company's more important U.S. holdings.

With expanding natural gas production and markets, Pan American built a number of gas processing and sulphur recovery plants.

In June of 1969, Amoco Canada Petroleum Company Ltd. was incorporated with a federal charter and assumed all of the operations and properties of the Canadian Division of Pan American and its subsidiaries.

In December of 1975, Amoco Canada acquired all of the Canadian assets of Midwest Oil Production Ltd. (then a subsidiary of Standard Oil Company (Indiana)).

On April 15, 1981, Amoco Canada was affiliated with Amoco Production Company (International) as part of a restructuring of the parent company's international operations to include Canada.

Past aggressive and highly successful exploration programs, combined with effective sales marketing efforts, have made Amoco Canada one of the country's largest producers of natural gas. The company also has substantial interests in conventional oil and gas fields in central Alberta and eastern British Columbia and is directly involved in research and production projects related to oil sands and heavy oil.

A rig sits high atop a mountain, drilling a southwestern Alberta gas play.

The company's East Crossfield gas processing plant is one of Alberta's largest operations.

Gas processing equipment at Amoco Canada's Ricinus Plant.

Exploration

Peter N. Jordan,
Vice President, Exploration

Overview

During 1981, Amoco Canada conducted a greatly reduced exploration program which was confined to Alberta and British Columbia.

The company participated in the drilling of 34 exploratory wildcat wells, resulting in 4 gas wells and 2 oil wells, with 19 awaiting assignment of status at year end. In addition, 51 wells drilled in prior years were completed, resulting in 23 gas and 2 oil discoveries. Farmout programs resulted in 121 wells being drilled free of cost to the company, of which 90 were discoveries.

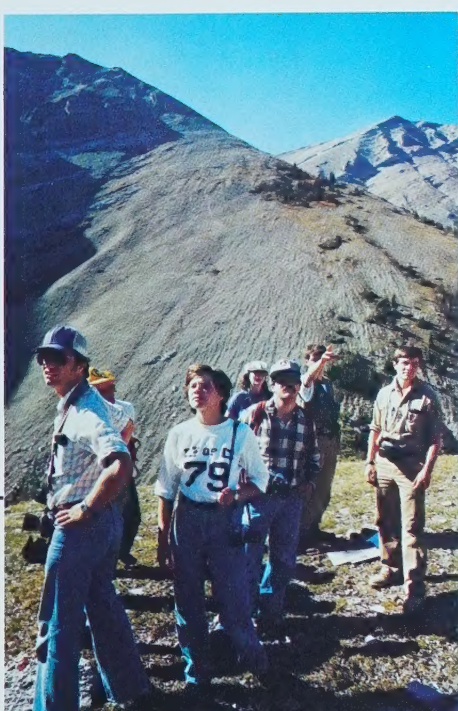
Review of Activities

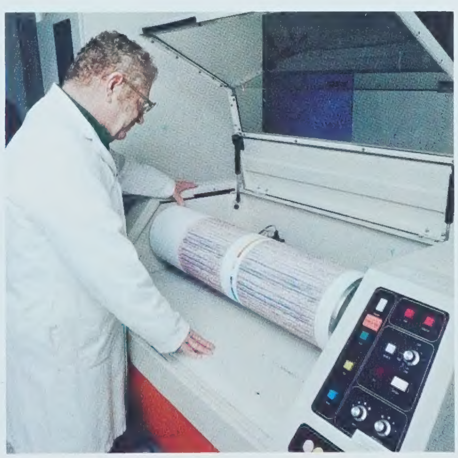
Petroleum exploration expenditures totalled $91.9 million, a reduction of more than 71.5 percent from 1980 levels. Concurrent with this reduction in exploration activity, 37 of Amoco Canada's exploration staff were temporarily assigned to projects outside of Canada. Seventeen explorationists were transferred temporarily or permanently to affiliated international and U.S. companies, with 20 assigned to a special projects group based in Calgary. This group completed projects in New Mexico and the U.S. eastern offshore, including the OCS 59 sale in the deep-water Atlantic margin, where Amoco Production Company (U.S.A.), with its partners, acquired 39 000 gross hectares (96 400 gross acres) of offshore land.

In Canada, exploration continued in the Grande Prairie area, where Amoco Canada drilled 9 exploratory wells, resulting in 2 gas discoveries, with 7 wells awaiting completion at year end.

In addition, completion of 10 wells drilled in prior years resulted in 7 gas producers. A significant 1981 discovery was the Elmworth 7-4-68-11 W6 well, in which Amoco Canada has a 50 percent working interest. This well flowed .7 million cubic metres (25.6 million cubic feet) per day from Cretaceous sands, one of the largest drill-stem test rates to date for this area. Gas was also recovered from three other zones during production testing.

In the Pembina area, 5 wells were drilled during 1981, of which 2 are oil wells, with 3 awaiting completion at year end. In addition, gas was discovered in 2 wells which were drilled in prior years but completed during 1981. The current drilling program in Pembina is focussed on the Jurassic Sands, rather than on the shallower Cardium oil production discovered in 1952.





Exploration technologist Ernie Setliff views a colour seismic plot being printed by the company's colour printer.

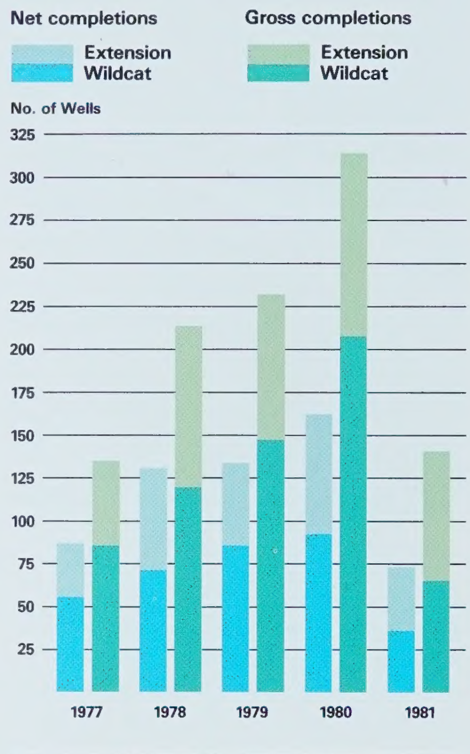
A party of Amoco Canada geologists examine the surface geology of the eastern slope of the Canadian Rocky Mountains.

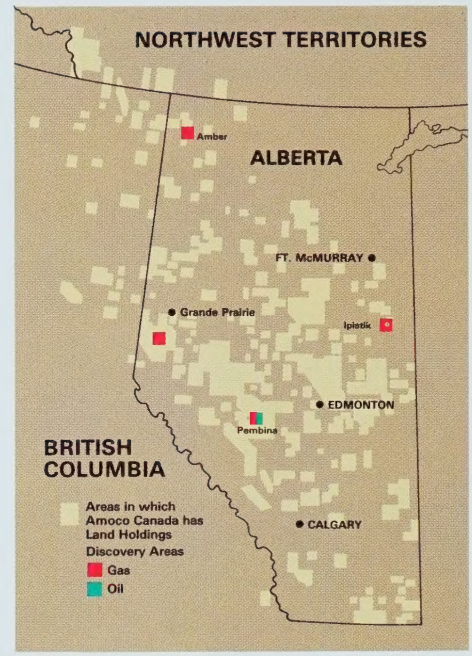
Computer-based seismic data in both black and white and colour help geophysicist Larry Matthews make sound drilling recommendations.

Amoco Canada's exploration commitments on the East Ipiatik block of the Primrose Air Weapons Range were completed in 1981 with the drilling of 5 exploratory and step-out wells. To date, 56 wells in the 70 well program have been completed as Cretaceous gas wells, representing an 80 percent success rate. In addition to the gas reserves encountered, important new heavy oil resources were discovered by the program. Amoco has a 30 percent working interest in this prospect.

Amoco Canada continued exploration in the Amber/Rainbow area with the drilling of 2 exploratory wells and acquisitions of additional seismic and land. In addition, 1 well drilled during the previous year was completed as a Devonian gas well. Exploration in the Amber/Rainbow area is expected to continue at a more active pace during 1982.

Exploration Drilling Activity





Location of Amoco Canada's western Canadian land holdings and major discovery areas.

Land Holdings — as at December 31, 1981

	Crown Reservations Licences and Permits (1)		Leases (2)	
	Gross Hectares (3)	Net Hectares (3)	Gross Hectares (3)	Net Hectares (3)
Alberta	535 207 (4)	330 856 (4)	3 581 796 (5)	2 087 781 (5)
Arctic	670 676	85 674	170 363	70 240
British Columbia	124 051	53 887	338 273	222 454
East Coast Offshore	2 051 947	877 732	618 152	327 873
Ontario	—	—	264 060	264 060
Yukon & Northwest Territories	107 030	16 449	637 827	448 934
	3 488 911	1 364 598	5 610 471	3 421 342

(1) Crown reservations, licences and permits relate to large blocks of land acquired from the federal government and various provincial governments through application or competitive bidding and confer upon the holder the right to explore for oil and gas, and to lease oil and gas rights under varying percentages of the land covered. The holder is generally required to make cash payments or to undertake specified amounts of work in order to retain the rights to the land. Crown reservations, licences and permits shown are prior to conversion to leases.

(2) Leases in general confer on the lessee the right to explore for and remove oil and gas from the leased land subject to rental and/or reserved royalty to the lessor.

(3) "Gross hectares" represent total hectares in which the company has a working interest. "Net hectares" represent the interest of the company in gross hectares.

(4) Includes oil sands options aggregating 14 751 gross hectares (11 387 net hectares).

(5) Includes oil sands leases aggregating 119 318 gross hectares (95 050 net hectares).

Production

J. Lindsay Milne,
Vice President, Production

Overview

New gas sales projects in Alberta were a key area of development activity for the Production Department throughout the year.

Overall, total capital expenditures were sharply down in 1981, from $140 million to $91.7 million. A significant portion of these expenditures was dedicated to maintaining production from existing properties.

On an energy equivalent basis, net production in 1981 amounted to about 14 700 cubic metres (92 200 barrels) per day, down about 7 percent from the previous year. Energy equivalent reserves, on the other hand, remained approximately constant at 92.2 million cubic metres (580 million barrels).

Development Drilling

The Production Department is responsible for drilling all wells operated by Amoco Canada. It also initiates proposals for drilling infill and extension wells. Infill wells are those drilled within the boundaries of proven oil or gas reservoirs. Extension wells are drilled adjacent to proven reservoirs where geological analysis and well performance indicate a potential for additional reserves.

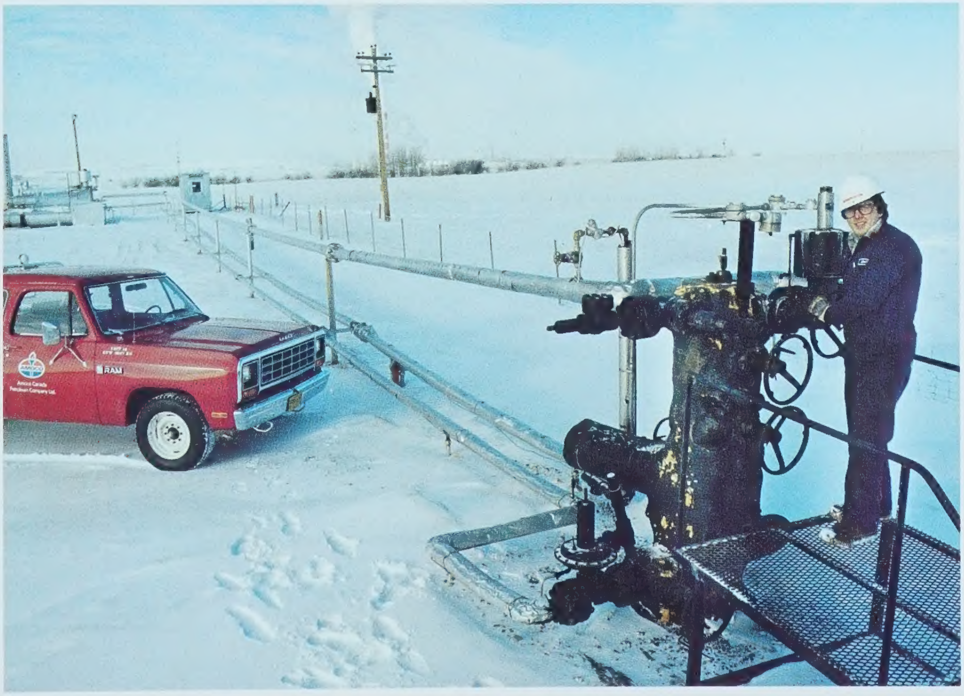
Development drilling was completed during 1981 on 103 gross (46 net) infill and field extension wells, of which the company operated 54.

The company spent $9.3 million on infill wells and $17.4 million on extension wells, down 82.7 percent and 62.3 percent respectively from the previous year. This activity includes oil extension drilling at Garrington, Caroline, Cyn-Pem and Waskahigan, and gas development drilling in the Deep Basin area of Grande Prairie, Whitecourt, Ricinus and Ipiatik.

In addition, the company spent $1.1 million on drilling in 1981 to evaluate its heavy oil reserves at Elk Point, Pelican, McMullen and other areas.

Natural Gas Marketing and Development

Despite a decline in domestic and U.S. natural gas demand, Amoco Canada was successful in negotiating contracts for a significant portion of its previously uncommitted natural gas reserves. This accomplishment, together with gas sales contracts concluded in prior years, sparked gas facility expansion and new construction projects in various parts of Alberta.



A gas wellhead at Amoco Canada's East Crossfield plant. Production operator Dennis Moreau checks wellhead equipment which is linked by radio to the plant's computer facilities.

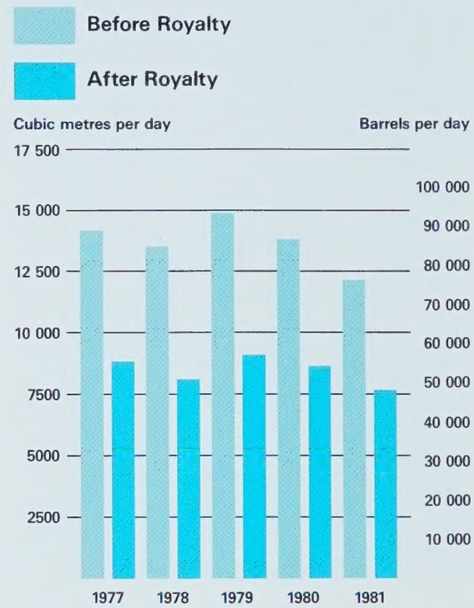
The cold bed absorption unit at East Crossfield features Amoco-developed technology which maximizes sulphur recovery from sour gas. Operator Bryan Fox passes the unit during one of his regular plant inspections.

In the Whitecourt area, facilities were completed at Windfall, Tony and Pine Creek to expedite new gas sales from several pools to ProGas Limited. Sales to ProGas also prompted gas facility construction projects at Kirby, Hoadley, Waskahigan and Pouce Coupe during the year. These new or expanded facilities came on stream in 1981 at an initial production rate of .7 million cubic metres (25.6 million cubic feet) per day. Gas sales from these 7 ProGas projects are expected to increase to minimum take or pay volumes of 1.4 million cubic metres (50 million cubic feet) per day on November 1, 1982.

Gas sales development activity was also initiated during 1981 at 10 other Alberta properties to fulfill new sales commitments to Pan-Alberta Gas Ltd. South Wapiti in the Deep Basin area near Grande Prairie will contribute 1.4 million cubic metres (50 million cubic feet) per day to the Pan-Alberta commitment, the largest single field contribution from these properties.

Natural Gas Sales

Crude Oil and Natural Gas Liquids Production



Production Facilities

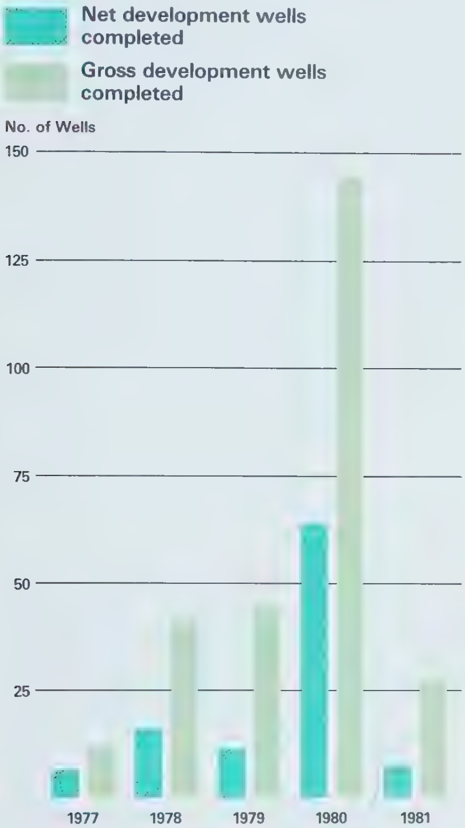
Expenditures on new or existing production facilities totalled $82.3 million in 1981.

Five areas of activity claimed a major portion of production facilities expenditures during the year.

- Approximately $18 million were spent on new gas plants.
- More than $30 million were spent to ensure the maintenance of current levels of production from existing oil and gas facilities. About one-quarter of these maintenance expenditures occurred in the Swan Hills area, the site of the company's largest miscible flood project.
- Six heavy oil and oil sands projects accounted for $8.3 million in production facilities expenditures, with about one-half of this amount dedicated to the company's interest in the Alsands Mining Project.
- Another $3.6 million were spent on 7 new enhanced oil recovery and gas injection projects.
- Most of the balance of 1981 production facilities expenditures was spent on expanding and improving the company's products processing and transportation systems.

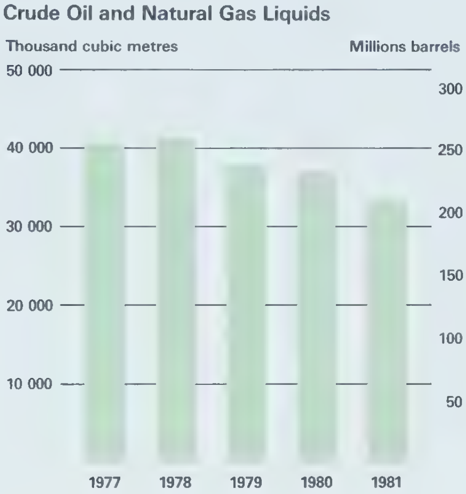
At year end, Amoco Canada had an interest in 83 gas processing plants, of which the company operated 36. It also operated 40 major crude oil processing and injection facilities.

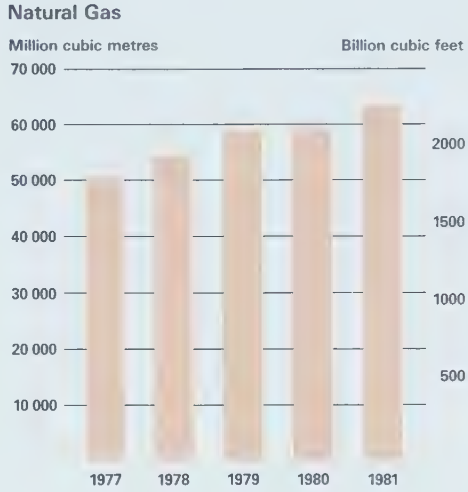
Development Drilling Activity*



*Excludes field extension wells.

Net Proved Reserves





Production Volumes

Net production of crude oil and natural gas liquids averaged 7 654 cubic metres (48 168 barrels) per day, an 11.9 percent decrease from 1980. The Alberta crude oil production cutback, together with a lower level of productivity from the company's mature oil fields, accounted for this production decline. Natural gas sales of 6.9 million cubic metres (243 million cubic feet) per day showed only marginal decline from 1980 levels. Average daily sulphur production was 1 354 net tonnes (1 333 long tons), down 4.6 percent from the prior year.

Reserves

Exploration and development, coupled with the evaluation of previously drilled properties, added 5.3 million cubic metres (33.1 million barrels) of energy equivalent proven reserves during 1981. These reserve additions replaced 98 percent of 1981 production.

Major gas reserve additions were recorded in the Kirby/Ipiatik, Bigstone and Marten Hills fields. About one-third of the gas reserve additions resulted from discoveries, while the balance came from extensions to existing fields.

Net natural gas reserves were 63.2 billion cubic metres (2.2 trillion cubic feet), an increase of 6.5 percent over the prior year. Net natural gas reserve additions were 6.5 billion cubic metres (231.1 billion cubic feet), or about two and one-half times greater than production for the year, which amounted to 2.6 billion cubic metres (91.4 billion cubic feet).

Total net crude oil and natural gas liquids reserves were 33.2 million cubic metres (208.7 million barrels) at year end, a 9.4 percent reduction from the prior year, resulting from negative adjustments of .6 million cubic metres (4.1 million barrels) and production of 2.8 million cubic metres (17.5 million barrels). Although several reserve additions were recorded, the overall reduction was due primarily to a significant downward adjustment in the Swan Hills Unit No. 1 pool.

Minor reserve additions resulted from extension drilling and enhanced recovery programs at Granada, Carrot Creek and West Pembina.

Total net sulphur reserves decreased by 21.3 percent from the prior year to 4.8 million tonnes (4.7 million long tons). This larger than usual decrease resulted from the combination of sour gas reserve adjustments and production.

Enhanced Oil Recovery

Four new miscible flood projects in the Pembina area experienced increased oil production in 1981. Approximately 165 cubic metres (1 040 barrels) per day of net oil production from these projects are expected to qualify for the higher New Oil Reference Price during 1982. With the addition of these new projects, the company is now a participant in a total of 7 operating enhanced oil recovery projects in Alberta.

More than 95 percent of Amoco Canada's 1981 oil production originated from pools in which improved recovery techniques were in operation. About 39 percent of this production came from miscible flood projects, while 56 percent was produced from properties under waterflood.

Amoco Canada is an industry leader in the application of miscible flood technology to enhance oil recovery from conventional reservoirs. Under improved fiscal regimes, oil production from many of the company's oil pools now under waterflood could be optimized through the application of this technology.

Oil Sands and Heavy Oil

Amoco Canada holds a total of 119 318 gross hectares (294 800 gross acres) in oil sands leases, with an additional 182 109 gross hectares (450 000 gross acres) of petroleum and natural gas leases with oil sands and heavy oil potential. The company holds these leases in several major deposits in Alberta, including the Athabasca, Wabasca and Cold Lake deposits. It has been active, both as an operator and as a participant, in a number of high technology projects designed to produce synthetic crude oil on a commercial scale or to evaluate on a pilot basis the economic feasibility of producing oil from its substantial oil sands and heavy oil resource base.

Huge compressors work around the clock at Amoco Canada's miscible flood plant near Swan Hills, Alberta. Production facilities operator Darcy LePage checks the control panel for one of these giant machines which helps to optimize crude oil recovery from the Swan Hills pool.

a. Alsands Project

Until early 1982, the company was a 10 percent participant in this $13 billion proposed oil sands mining project. Originally scheduled to come on stream in the mid-eighties, the project is designed to produce about 22 250 cubic metres (140 000 barrels) per day of high quality synthetic crude oil and liquified petroleum gas from a surface mine and upgrading complex north of Fort McMurray, Alberta.

During 1981, the favourable political and economic conditions essential to a decision by the project consortium to proceed did not materialize. The prolonged negotiations on an energy pricing and revenue sharing agreement also deterred timely approval of the project.

Amoco Canada withdrew from the Alsands Project consortium in early 1982 because the commercial terms offered by the federal and provincial governments were, in the company's view, insufficient to justify a large, high-risk investment.

b. Gregoire Lake

Amoco Canada has a 12.5 percent interest in, and is operator of, an experimental in-situ oil sands project at Gregoire Lake south of Fort McMurray, Alberta. The project, conducted in conjunction with the Alberta Oil Sands Technology and Research Authority (AOSTRA), was initiated in 1976 to test a combustion process to recover bitumen from a deeply buried oil sands deposit. The pilot test encountered technical problems and was terminated in June 1981 with total cumulative gross expenditures of $48 million. Although the pilot did not achieve a technological breakthrough, information generated by this experiment will be of benefit to a new pilot being considered for the area. This pilot would also be conducted in conjunction with AOSTRA and Amoco Canada would operate and hold a 12.5 percent interest in the project.

c. St. Lina Heavy Oil Project

Preliminary results from a 2-well "huff, puff" heavy oil recovery project designed to evaluate a deposit at St. Lina in east-central Alberta have been encouraging. Based on this, a decision was made during 1981 to expand the project to a 7-well pilot test. Total project expenditures to year end were $3 million. Amoco Canada operates the project and holds a 50 percent working interest.

d. Other Activities

Amoco Canada has a 12.5 percent working interest in an in-situ oil sands recovery project near Peace River, Alberta. This pilot has been operating since 1979. The company's participation is through the cooperative exchange of technical data related to other oil sands projects which it operates or in which it has an interest.

The company also has working interests in several other heavy oil evaluation projects, including one at Ipiatik Lake on the Primrose Bombing Range, and others at Elkpoint, Wabasca and Michel in northern Alberta.

Autumn colours enhance the trees along the Athabasca River near Fort McMurray, Alberta. Bitumen, a crude hydrocarbon material, occurs naturally as a black, sticky substance in various locations along the banks of this river. Most Alberta oil sands deposits containing bitumen lie at greater depths than those adjacent to the Athabasca River. Amoco Canada has been active in a number of high technology projects designed to develop the enormous hydrocarbon energy potential of Canada's extensive oil sands and heavy oil deposits.

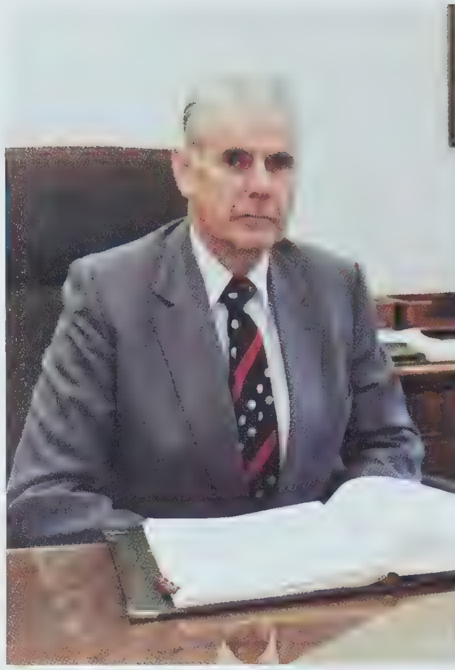
Marketing and Other Activities

Gas Marketing

Amoco Canada was one of Canada's largest producers of natural gas in 1981. The company is a major supplier of natural gas to Pan-Alberta Gas Ltd. and ProGas Limited. During 1981, both of these companies initiated sales of Canadian gas into the U.S. export markets. ProGas began sales at half contract rates in June, while Pan-Alberta began selling to the U.S. market in September. These developments were instrumental in maintaining Amoco Canada's position as one of Canada's foremost gas producers in 1981. In the face of a 4 percent decrease in 1981 domestic natural gas demand and an 8 percent drop in gas delivered to the U.S. market, Amoco Canada's 1981 daily natural gas sales were still maintained at essentially the prior year's levels. Domestic demand accounts for about 68 percent of our gas sales, while exports are responsible for the remaining 32 percent.

One other significant gas marketing achievement during the year was the negotiation of new gas sales contracts with TransCanada PipeLines Ltd. These commitments, which are subject to Canadian and U.S. regulatory approvals, will make Amoco Canada a major supplier of gas to TransCanada for proposed new export sales.

At year end, the company was negotiating with ProGas Limited regarding additional gas delivery sales contracts. Gas demand from ProGas is expected to significantly increase Amoco Canada's share of total Canadian demand during 1982, while increased sales to Pan-Alberta will further increase the company's share of Canadian demand in the following year.



Neil J. Stewart,
Vice President, Marketing and Corporate Affairs

Supply and Marketing

Amoco Canada's Supply and Marketing Department transports and markets company produced and purchased natural gas liquids (NGLs), liquified petroleum gas (LPG) and sulphur. The company maintains an interest in an extensive natural gas liquids collection and distribution system consisting of 1 070 kilometres (665 miles) of pipelines and two fractionation plants, along with associated storage facilities. The system serves markets in eastern and western Canada and the United States.

The company operates a fleet of 265 owned and leased NGL railway pressure-type tank cars to transport its production to market. This fleet expands during the busy winter months by the addition of temporary cars when needed. The fleet has been upgraded by the addition of thermal tank protection, heat shields, shelf couplers and other safety improvements to bring it up to the most rigorous standards. 1981 marked the culmination of a 3-year fleet upgrading program on these cars at an estimated capital cost to Amoco Canada and its lessors of $3.5 million.

At year end, the company's investment in its natural gas liquids system amounted to $61 million.

Revenues from the sale of NGLs and LPG amounted to $375.2 million, a 3.6 percent decrease from 1980 primarily as a result of a 7.6 percent decrease in the volume of sales reflecting reduced demand. Approximately 80 percent of these revenues was generated from the resale of products purchased from others.

The company is an industry leader in sulphur production, transportation and marketing.

Sulphur sales declined slightly during 1981 to 783 372 tonnes (771 000 long tons) per year. Prices were strong during the first three quarters of the year, with some evidence of weakening appearing in the fourth quarter. These price increases were partially offset by freight-rate increases by the Canadian railways. Gross revenue from sulphur increased by $19.4 million over 1980 to $75.7 million. The weakened economies of the countries in which we market sulphur will likely lead to reduced sales in 1982.

Mineral Operations

Amoco Canada's Mining Division spent a total of $5 million on mineral exploration and evaluation in 1981.

The company holds a 70 percent interest in a molybdenum property at Red Mountain in the Yukon Territory which has been undergoing evaluation for possible commercial development. During 1981, 4 000 metres (13 300 feet) of core were drilled as part of the ongoing evaluation of this property. Although geological analysis of the core was promising, further evaluation will be required before a decision on future development of this property can be made.

Commercial development of the Detour Lake gold property in northeastern Ontario began in early 1981. Amoco Canada holds a 50 percent interest in this joint venture operation. Current estimates attribute 27.2 million gross tonnes (30 million tons) of recoverable ore reserves to the project, with a recovery rate of 3.9 grams of gold per tonne (.113 ounces per ton).

At year end, the project was 24 percent completed and on schedule. Site preparation and the foundations for major plant buildings were completed. Negotiations with the Ontario government resulted in an undertaking whereby the government and the joint venture partners will share the cost of constructing a permanent access road. Construction of the 150-kilometre (94-mile) road and a 140-kilometre (88-mile) power line has commenced.

Initial start-up of the operation at 2 000 tonnes (2 205 tons) per day is scheduled for the last quarter of 1983, while plans are being formulated for a production increase to 4 000 tonnes (4 409 tons) per day in three to five years.

Total project cost through initial start-up is estimated at $145 million.

Employees

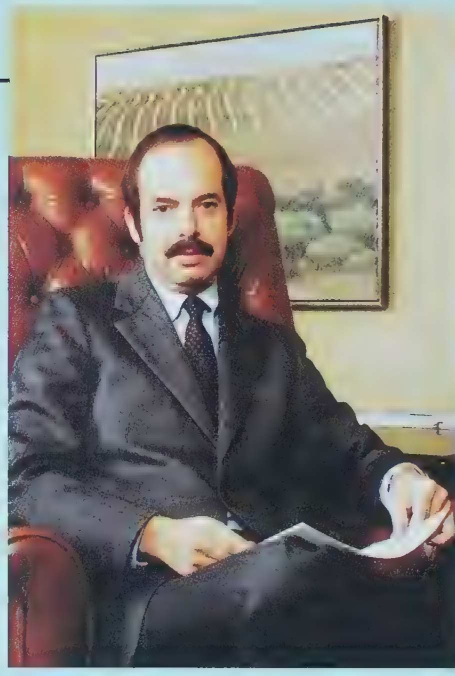
The company's work force declined slightly during 1981 from 2 058 employees to 1 986 by year end, reflecting reduced activity levels, uncertainty as to the future direction of government energy policies, and employee transfers to other parent company operations.

Corporate recruiting for skilled professionals on university and college campuses, suspended in late 1980 as a result of the federal government's National Energy Program, was resumed in 1981. The decision to resume campus recruiting was consistent with a longstanding corporate practice of developing candidates for attrition-related vacancies from among the ranks of recently graduated professionals.

During 1981, a new concept in supervisory/management training was introduced. Based on a core of principles designed to encourage the growth of sound management skills, the Amoco Supervisory/Management Development Program is intended to ensure a consistently high level of supervisory and management ability throughout the company.

The annual bed race sponsored by the United Way's Calgary chapter is an important community fund-raising activity. Here, a group of Amoco Canada employees enthusiastically participate.

Financial Review



J. Steven McMullen,
Vice President, Finance and Administration

As outlined in the accompanying financial statements, 1981 net income was down approximately $40 million, or 30 percent, to $91.6 million from the $131.5 million (as restated) earned during 1980. Funds provided from operations (cash flow) also declined by a similar percentage to $192.4 million. The return on average borrowed and invested capital declined to 11.4 percent from 17.5 percent in 1980. By far the most significant factor contributing to these declines was the sharply increased tax burden imposed under the federal government's National Energy Program.

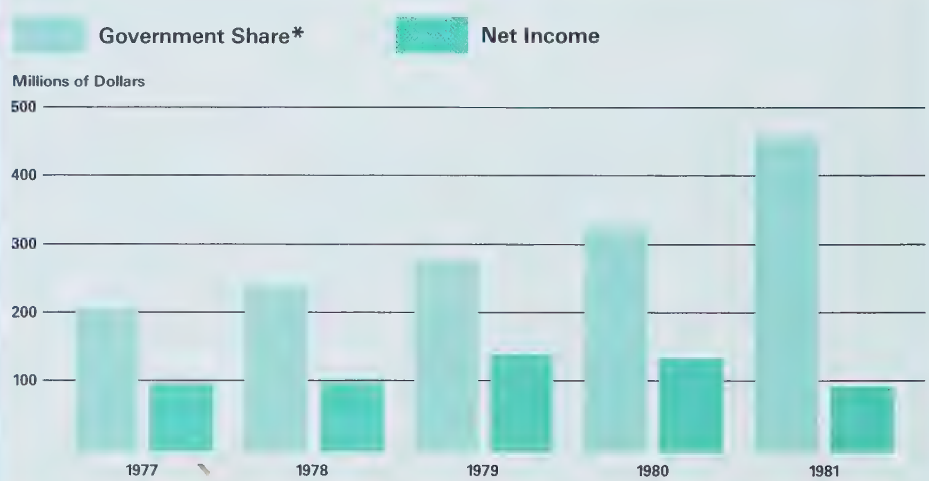
Impact of Government Policies

The total of all taxes increased by 56 percent over 1980 to $204.3 million, a level more than twice the company's net income. Seventy percent of the increase in taxes, or $51.4 million, was due to the imposition of the Petroleum and Gas Revenue Tax, which is levied against Canadian oil and gas production income and is not deductible for income tax purposes. The Natural Gas and Gas Liquids Tax, also imposed by the National Energy Program, was an additional factor in the increase in taxes.

The total of all payments to governments, including royalties, reached approximately $460 million or five times the level of the company's net income. As shown on the accompanying chart, even before the introduction of the National Energy Program, governments had claimed an increasing share of the company's gross revenues. By comparison, the company's net income has declined since 1979. Company revenues, as shown on the bar graph on the facing page, increased by an average of 10 percent per year for the period 1977-81 while payments to governments rose at an average 22 percent per year over the same period.

In the face of substantially reduced returns under existing revenue sharing, the company's capital and exploration expenditures were curtailed in 1981. These investments decreased to $206.1 million, a reduction of 57 percent from the record 1980 level of $478.2 million, as shown in the centre bar graph. Thus, for the first time in four years, the company's reinvestment rate dropped below 100 percent, as shown in the graph on the right. Net income, which declined 30 percent from 1980, would have fallen even more severely if exploration expenses had not been reduced.

Governments' Share of Gross Revenues



Includes royalties, current income taxes and other taxes, but excludes bonus consideration and lease rentals which, for the year 1981, totalled $3.5 million and $8.7 million respectively.

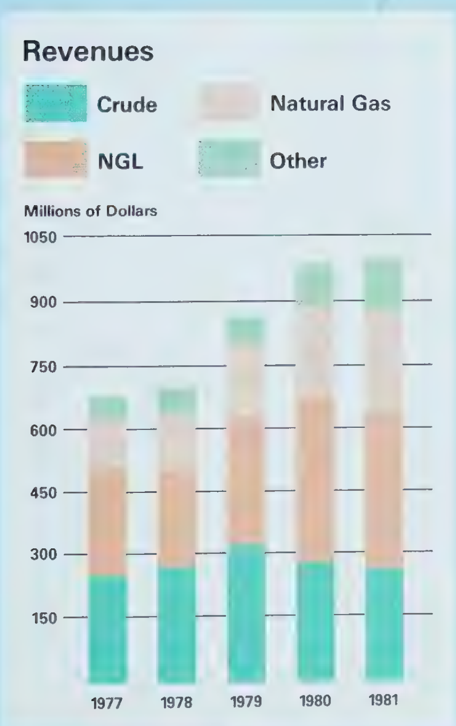
Discussion of Financial Statements

Net income as a percentage of total revenues was 9.2 percent, down from the 13.4 percent realized during 1980. Funds provided from operations, as a percentage of total revenues, were 19.3 percent, down 33 percent from 1980.

Total revenues increased 1.5 percent to $997.8 million in 1981. The increase was primarily due to higher prices for most products which were largely offset by lower sales volumes. Crude oil sales declined as a result of production restrictions imposed by the Province of Alberta during 1981 in response to the federal government's National Energy Program. Additionally, the Alberta Petroleum Marketing Commission was in operation for the full year as the direct marketer for all crude produced from Alberta Crown leases and this resulted in less crude being available for purchase and resale. Reduced sales of natural gas liquids reflected the impact of lower demand principally as a result of the economic recession in Canada and the United States and conservation efforts.

Costs and expenses declined to a level of $723.7 million, a decrease of $4.3 million or .6 percent compared to 1980. Exploration expenses declined $46.9 million to a level of $104.2 million, reflecting the impact of the company's reduced exploration program. Cost of sales and services and administrative expenses increased 3.5 percent to a level of $499.1 million, reflecting increased operating expenses as a result of expanded production operations and continued inflationary pressures, while higher prices for products purchased from others were more than offset by the reduced volumes of purchased crude oil for resale. Depreciation, depletion and amortization expense of $84 million was 14.2 percent greater than in 1980.

Cash dividend payments to the parent company, Standard Oil Company (Indiana), were $7.5 million. In addition, $70 million of Preferred Shares were redeemed for cash during the year.



Statement of Income

For The Years 1981 and 1980

	1981	1980*
Revenues		
Sales and operating revenues (net of royalties)	$ 988 012 000	$ 977 558 000
Other income	9 761 000	5 083 000
Total revenues	997 773 000	982 641 000
Costs and expenses		
Cost of sales and services (note 2)	445 145 000	438 152 000
Exploration expenses	104 222 000	151 084 000
Selling and administrative expenses	53 961 000	44 076 000
Foreign currency (gain) loss	612 000	(2 783 000)
Taxes, miscellaneous (note 3)	21 779 000	7 651 000
Depreciation, depletion and amortization	83 954 000	73 515 000
Interest expense (note 7)	13 999 000	16 250 000
Total costs and expenses	723 672 000	727 945 000
Income before the following taxes	274 101 000	254 696 000
Petroleum and gas revenue tax	51 403 000	—
Income taxes (note 4)	131 110 000	123 195 000
Sub total	182 513 000	123 195 000
Net income	$ 91 588 000	$ 131 501 000

Statement of Retained Earnings

For The Years 1981 and 1980

	1981	1980*
Retained earnings - January 1	$ 506 579 000	$ 388 884 000
Prior period adjustment (note 4)		(11 150 000)
Net income	91 588 000	131 501 000
Cash dividends on preferred shares	(7 500 000)	(2 656 000)
Retained earnings - December 31	$ 590 667 000	$ 506 579 000

*Restated — Refer to Notes to Financial Statements

Statement of Financial Position

December 31, 1981 and 1980

		1981	1980*
Assets			
Current assets	Cash	$ 5 737 000	$ 741 000
	Marketable securities - at cost, which approximates market	38 131 000	28 878 000
	Accounts receivable (note 5)	304 531 000	274 031 000
	Inventories	54 691 000	33 799 000
	Prepaid expenses	1 929 000	1 954 000
		405 019 000	339 403 000
Sundry assets	Long-term receivables (note 5)	15 752 000	19 013 000
	Deferred charges	6 054 000	7 685 000
		21 806 000	26 698 000
Property, plant and equipment	— at cost, less accumulated depreciation, depletion, and amortization (note 6)	1 153 775 000	1 139 186 000
		$ 1 580 600 000	$ 1 505 287 000

		1981	1980*
Liabilities and Shareholder's Equity			
Current liabilities	Notes payable	$ —	$ 50 000 000
	Accounts payable and accrued (note 5)	229 527 000	227 204 000
	Income taxes payable	98 292 000	17 887 000
		327 819 000	295 091 000
Deferred income	Unearned production revenue	70 765 000	56 736 000
Long-term debt	(note 7)	106 901 000	109 321 000
Deferred credits	Income taxes	333 027 000	316 139 000
Shareholder's equity	Capital stock (note 8)	130 172 000	200 172 000
	Contributed surplus	21 249 000	21 249 000
	Retained earnings (note 7)	590 667 000	506 579 000
	Total shareholder's equity	742 088 000	728 000 000
		$ 1 580 600 000	$ 1 505 287 000

Contingency (note 10)

Approved on Behalf of the Board:

Director

Director

*Restated — Refer to Notes to Financial Statements

Statement of Changes in Financial Position

For The Years 1981 and 1980

	1981	1980*
Source of funds		
Net income	$ 91 588 000	$ 131 501 000
Expenses not requiring outlay of working capital:		
Depreciation, depletion, and amortization	83 954 000	73 515 000
Deferred income taxes	16 888 000	77 932 000
Funds provided from operations	192 430 000	282 948 000
Decrease in long-term receivables	3 261 000	1 486 000
New borrowings	—	2 929 000
Unearned production revenue	14 029 000	30 525 000
Disposition of property	3 306 000	4 545 000
Other	1 631 000	—
TOTAL	$ 214 657 000	$ 322 433 000
Application of funds		
Capital expenditures	$ 101 849 000	$ 327 096 000
Dividends paid on preferred shares	7 500 000	2 656 000
Redemption of preferred shares	70 000 000	25 844 000
Increase (Decrease) in working capital	32 888 000	(35 375 000)
Decrease in borrowings	2 420 000	—
Other	—	2 212 000
TOTAL	$ 214 657 000	$ 322 433 000
Working Capital		
Increase (Decrease) in current assets:		
Cash and marketable securities	$ 14 249 000	$ 11 453 000
Accounts and notes receivable	30 500 000	24 491 000
Inventories	20 892 000	12 162 000
Prepaid expenses	(25 000)	813 000
Income taxes recoverable	—	(944 000)
(Increase) Decrease in current liabilities:		
Notes payable	50 000 000	(50 000 000)
Accounts payable and accrued	(2 323 000)	(22 296 000)
Income taxes payable	(80 405 000)	(11 054 000)
Increase (Decrease) in working capital	$ 32 888 000	$ (35 375 000)

*Restated — Refer to Notes to Financial Statements

Auditors' Report to Shareholder

We have examined the statement of financial position of Amoco Canada Petroleum Company Ltd. as at December 31, 1981 and the statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

February 15, 1982
Calgary, Alberta

Price Waterhouse
Chartered Accountants

Notes to Financial Statements

Year Ended December 31, 1981

1. Accounting policies

Inventories

Inventories are comprised primarily of crude oil and products which are valued at the lower of cost on a "First-In, First-Out" basis or net realizable value.

Exploration and development costs

The company follows the successful efforts method of accounting. Property acquisition costs, costs of successful exploratory wells (wildcat and extension wells), all development costs, and the costs of support equipment and facilities are capitalized. Costs of unsuccessful exploratory wells (wildcat and extension wells) are expensed when determined to be nonproductive. Production costs, overhead, and all exploration costs other than costs of exploratory drilling are charged against income as incurred.

Depreciation, depletion and amortization

In general, depreciation of plant and equipment, other than production equipment, is computed on a straight-line basis over the estimated economic lives (5 to 40 years) of the facilities. Depletion of the cost of proven oil and gas properties, amortization of related intangible drilling and development costs and depreciation of production equipment are computed on the unit-of-production method. The portion of the costs of unproved properties estimated to be nonproductive is amortized over projected holding periods.

Retirements

Upon normal retirement or replacement of plant and equipment the gross book value of such facilities (less salvage) is charged to accumulated depreciation. Gains or losses arising from unusual retirements or sales are credited or charged to income.

Maintenance and repairs

All maintenance and repair costs are charged against income. Renewals and improvements are capitalized.

Unearned production revenue

Unearned production revenue comprises amounts received under take-or-pay gas contracts and will be taken into income when the related product is delivered to the purchaser or the makeup period expires.

Translation of foreign currencies

The company sells a significant amount of product for export, principally to affiliated companies, which transactions are denominated in U.S. currency. Accounts receivable and payable, including amounts due from or to affiliated companies, in U.S. dollars are translated at the rate of exchange prevailing at the Statement of Financial Position date. Gains or losses resulting from such translations are reflected in income.

Joint venture operations

Substantially all of the exploration and production activities of the company are carried out through joint ventures.

Government assistance

During 1981, the company earned $7.3 million (1980 — $18.4 million) in credits from the Province of Alberta principally towards the cost of the company's oil and gas exploration program. Such amounts are deducted from the related expenditures.

2. Cost of sales and services

The cost of sales and services comprise the following:

	1981	1980
	(Millions of Dollars)	
Crude oil and products inventory, beginning of period	$ 33.0	$ 20.9
Purchases during the period	299.4	307.8
Operating expenses	166.3	142.5
	498.7	471.2
Less: Crude oil and products inventory, end of period	53.6	33.0
	$ 445.1	$ 438.2

3. Taxes, miscellaneous

	1981	1980
	(Millions of Dollars)	
Property taxes	$ 5.9	$ 5.4
Excise taxes, including Canadian ownership tax	14.2	1.1
Payroll and other taxes	1.7	1.2
	$ 21.8	$ 7.7

4. Income taxes

The 1981 and 1980 income tax provisions differ from the amounts that would have resulted had the reported earnings, before income taxes, been subject to the Canadian federal statutory tax rate. The principal reasons for the differences between the actual amounts provided and that which would have resulted from application of the statutory rate were as follows:

	1981		1980	
	(Millions of Dollars)			
	Amount	Percent of Pre-tax Earnings	Amount	Percent of Pre-tax Earnings
"Computed" taxes at statutory rate	$ 126.1	46.0	$ 117.2	46.0
Increase (Decrease) in income taxes resulting from:				
Non-deductibility of royalties and other payments to the Crown	139.1	50.7	136.0	53.4
Less related allowances and rebates:				
Federal	(83.3)	(30.4)	(78.8)	(31.0)
Provincial	(13.3)	(4.8)	(13.0)	(5.1)
	42.5	15.5	44.2	17.3
Allowance for earned depletion	(34.1)	(12.4)	(36.3)	(14.2)
Incremental provincial taxes	2.4	0.9	3.4	1.3
Federal corporate surtax	6.0	2.2	5.4	2.1
Other — net	(11.8)	(4.4)	(10.7)	(4.1)
	5.0	1.8	6.0	2.4
Actual income tax provision	$ 131.1	47.8	$ 123.2	48.4

The foregoing income tax provisions comprise the following:

	1981	1980
	(Millions of Dollars)	
Current	$ 114.2	$ 45.3
Deferred	16.9	77.9
	$ 131.1	$ 123.2

The amount of deferred taxes represents the following timing differences between financial and taxable income:

	1981	1980
	(Millions of Dollars)	
Oil and gas property acquisition costs	$ 3.1	$ 6.1
Depreciable property, plant and equipment	23.3	18.6
Drilling and exploration costs	(9.3)	53.2
Other	(0.2)	—
Deferred income taxes	$ 16.9	$ 77.9

The company has received income tax reassessment notices with respect to the taxation years 1974, 1975 and 1976 which resulted in additional taxes of $1.9 million. The company contested the treatment of the reassessed items by the tax authorities and accordingly recorded the $1.9 million as a deferred charge. The items that were disallowed were treated in a similar manner in subsequent years which, if reassessed on the same basis, would result in additional taxes through 1981, both current and deferred, of $18.1 million. In a judgment dated January 28, 1982, the Federal Court of Canada, Trial Division, adjudged in a related case against the company's treatment of these items for tax purposes. Accordingly, the company has recorded the appropriate tax adjustments in the 1981 financial statements on a retroactive basis, resulting in a reduction of $3.5 million to previously reported 1980 net income.

5. Related party transactions

Amounts due to and from affiliated companies were $1.7 million and $93.9 million respectively at December 31, 1981 ($3.5 million and $31.9 million respectively at December 31, 1980). These amounts arose in the normal course of business with the exception of $13.5 million which remains outstanding from the sale, in 1979, of the company's textile operations to an affiliate, Amoco Fabrics Ltd. This amount, which bears interest at 10 percent per annum, will be repaid in equal installments over the next seven years. Sales of products to affiliated companies in 1981 amounted to $123.5 million (1980 — $113.6 million).

6. Property, plant and equipment

	1981			1980
	(Millions of Dollars)			
	Cost	Accumulated depreciation, depletion and amortization	Net	Net
Unproved properties	$ 244.4	$ 123.7	$ 120.7	$ 228.8
Proved properties	753.2	185.6	567.6	481.4
Production equipment	587.6	194.4	393.2	380.0
Supply and marketing facilities	61.1	11.2	49.9	37.7
Other property and equipment	44.7	22.3	22.4	11.3
	$ 1 691.0	$ 537.2	$ 1 153.8	$ 1 139.2

7. Long-term debt

	1981	1980
	(Millions of Dollars)	
10.45 percent Debentures (unsecured) due February 15, 1984	**$ 100.0**	$ 100.0
Other indebtedness	**6.9**	9.3
	$ 106.9	$ 109.3

The 10.45 percent Debentures due February 15, 1984 are unsecured and no repayment of principal is required before February 15, 1984. The terms of the Debenture contain certain restrictions on the payment of cash dividends and the purchase or redemption of the company's shares. As of December 31, 1981, $302 million were available for distribution under these covenants.

Interest expense of $14 million includes interest of $11.1 million on long-term debt and other interest of $2.9 million.

8. Capital stock

The authorized capital stock of the company is as follows:

15 000 000	Common Shares, no par value
1 308 894	Redeemable Preferred Shares, Series A, no par value, entitled to a non-cumulative cash dividend of $10 per share per annum
7 191 106	Redeemable Preferred Shares, Series B, no par value, entitled to a non-cumulative cash dividend of $12 per share per annum

The Preferred Shares are redeemable at $100 per share at the option of the company.

Capital stock transactions during the year ended December 31, 1981 were as follows:

	Common Shares		Preferred Shares Series B		Total
	Shares (Thousands)	Amount (Millions)	Shares (Thousands)	Amount (Millions)	(Millions)
Shares outstanding January 1, 1981	9 766	$ 97.7	1 025	$ 102.5	$ 200.2
Purchased for cash	—	—	700	70.0	70.0
Shares outstanding December 31, 1981	9 766	$ 97.7	325	$ 32.5	$ 130.2

9. Remuneration of directors and senior officers

The aggregate direct remuneration, including contributions to the company's savings and retirement plans, paid by the company to its directors and senior officers for the year ended December 31, 1981 was $1.9 million (1980 - $1.3 million).

10. Commitments and contingent liabilities

Future minimum payments under lease commitments covering office space and other facilities are estimated at $7.3 million in 1982, $7.1 million in 1983, $6.1 million in 1984, $3.1 million in 1985, $2.4 million in 1986 and $3.9 million thereafter.

The company and other participants of the ProGas project have entered into an agreement with Nova, an Alberta Corporation to act as a guarantor in the event of default of ProGas Limited regarding cost of service due to Nova. The company's maximum exposure as of December 31, 1981 is estimated at $50.2 million and is dependent upon the occurrence of certain events, the probability of which is considered unlikely.

Five Year Financial Summary

	1981	1980*	1979*	1978*	1977*
		(Thousands of Dollars)			
Income					
Revenues (after royalties)	**$ 997 773**	$ 982 641	$ 862 323	$ 691 679	$ 671 389
Income before the following taxes:	**274 101**	254 696	243 883	187 457	186 692
Petroleum and gas revenue tax	**51 403**	—	—	—	—
Income taxes					
Current	**114 222**	45 263	43 578	50 679	51 211
Deferred	**16 888**	77 932	61 599	37 861	38 928
Net income	**91 588**	131 501	138 706	98 917	96 553
Funds provided from operations	**192 430**	282 948	264 365	186 594	181 096
Rate of return on borrowed and invested capital (1)	**11.4%**	17.5%	21.7%	17.5%	19.8%
Distributions to shareholder (2)					
Cash dividends on preferred shares	**$ 7 500**	$ 2 656	$ 5 755	$ 1 352	$ 3 920
Redemption or purchase of preferred shares	**70 000**	25 844	22 745	130 889	30 424
Financial position					
Working capital	**$ 77 200**	$ 44 312	$ 79 687	$ 99 008	$ 122 584
Property, plant and equipment (net)	**1 153 775**	1 139 186	890 150	686 376	538 678
Long-term debt	**106 901**	109 321	106 392	106 143	5 591
Deferred income taxes	**333 027**	316 139	238 207	176 608	138 747
Shareholder's equity	**742 088**	728 000	624 999	498 880	520 310
Capital and exploration expenditures					
Exploration					
Property acquisition and retention	**$ 12 464**	$ 46 828	$ 51 323	$ 49 040	$ 43 836
Geophysical	**4 284**	30 685	22 854	27 961	17 387
Exploratory drilling	**58 651**	225 109	196 744	107 433	84 309
Petroleum exploration — other	**16 499**	19 562	13 700	14 849	8 958
Mineral exploration	**5 012**	3 828	3 179	3 705	5 794
	$ 96 910	$ 326 012	$ 287 800	$ 202 988	$ 160 284
Production					
Development drilling	**$ 9 336**	$ 54 053	$ 22 542	$ 13 884	$ 6 252
Production equipment	**82 336**	85 949	48 170	55 466	31 205
	$ 91 672	$ 140 002	$ 70 712	$ 69 350	$ 37 457
Other	**$ 17 489**	$ 12 166	$ 4 750	$ 4 214	$ 2 603
TOTAL	**$ 206 071**	$ 478 180	$ 363 262	$ 276 552	$ 200 344
Employees					
Number of employees, year end	**1 986**	2 058	1 816	1 965	1 851
Salaries, wages and benefits	**$ 69 287**	$ 57 849	$ 45 206	$ 41 739	$ 36 189

NOTE (1) *Expresses net earnings, plus the after-tax cost of interest on long-term debt, as a percentage of average borrowed and invested capital (shareholder's equity plus long-term debt, including current portion of long-term debt).*

NOTE (2) *To December 31, 1981 the company has declared and paid stock dividends in the form of preferred shares aggregating $384.8 million of which $352.3 million have either been redeemed or purchased.*

*Restated — Refer to Notes to Financial Statements

Five Year Operating Summary

	1981	1980	1979	1978	1977
Production volumes (cubic metres per day)					
Crude oil					
— Before royalty	**9 519**	10 963	11 867	10 987	11 056
— After royalty	**5 915**	6 791	7 145	6 604	6 786
Natural gas liquids					
— Before royalty	**2 672**	2 852	3 009	2 534	3 160
— After royalty	**1 739**	1 894	1 977	1 653	2 107
Natural gas sales (thousand cubic metres per day)					
— Before royalty	**10 327**	10 862	11 512	10 526	10 774
— After royalty	**6 855**	6 915	7 547	6 909	7 340
Sulphur production (tonnes per day)					
— Before royalty	**1 625**	1 705	1 843	1 420	1 493
— After royalty	**1 354**	1 419	1 534	1 184	1 244
Net proved reserves (Petroleum Operations)					
— at December 31					
Crude oil (thousand cubic metres)	**27 148**	30 011	30 505	33 393	33 064
Natural gas liquids (thousand cubic metres)	**6 020**	6 590	7 073	7 311	7 216
Natural gas (million cubic metres)	**63 219**	59 333	59 043	54 166	50 036
Sulphur (thousand tonnes)	**4 752**	6 037	6 484	5 722	6 099
Product purchases (thousand cubic metres)					
Crude oil	**86**	364	1 194	1 018	1 313
Natural gas liquids and liquified petroleum gas	**2 672**	2 673	2 858	2 824	3 352
Drilling activity					
Net wells completed					
Exploratory					
Wildcat					
Oil	**2.7**	5.6	4.1	7.8	4.0
Gas	**12.6**	47.1	55.8	38.6	15.6
Dry	**19.5**	39.0	25.1	24.2	40.5
TOTAL	**34.8**	91.7	85.0	70.6	60.1
Extension*					
Oil	**9.3**	24.0	13.4	13.0	4.8
Gas	**15.2**	31.8	20.6	38.7	14.8
Dry	**13.5**	13.5	14.7	8.0	7.2
TOTAL	**38.0**	69.3	48.7	59.7	26.8
Development					
Oil	**4.6**	36.5	5.6	7.6	2.2
Gas	**2.9**	23.8	6.1	8.9	2.6
Dry	**0.5**	3.7	—	—	1.8
TOTAL	**8.0**	64.0	11.7	16.5	6.6
Net wells owned — at December 31					
Oil	**901**	851	812	791	772
Gas	**718**	697	583	520	440
TOTAL	**1 619**	1 548	1 395	1 311	1 212
Land holdings (thousand net hectares — at December 31)					
Proved properties	**466**	454	388	319	303
Unproved properties	**4 320**	5 179	5 371	5 456	12 991
TOTAL	**4 786**	5 633	5 759	5 775	13 294

**Extension wells are wells drilled outside the proven area of a known reservoir but close enough to be an extension of the producing area.*

Board of Directors

Amoco Canada Petroleum Company Ltd.
December 31, 1981

Directors

Henry O. Boswell
Chairman of the Board

Norman J. Rubash
President

R. Donald Fullerton
Vice Chairman and President
Canadian Imperial Bank of Commerce
Director

Bruce R. Libin
Barrister and Solicitor,
Bennett Jones
Director

Neil J. Stewart
Vice President, Marketing and Corporate Affairs

Additional Senior Officers

J. Lindsay Milne
Vice President, Production

J. Steven McMullen
Vice President, Finance and Administration

Peter N. Jordan
Vice President, Exploration

Ray W. Ballmer
Vice President, Mining

George L. Kirk
Controller and Treasurer

Lloyd M. Clark
General Counsel and Corporate Secretary

Graham G. Baugh
Assistant Corporate Secretary

Principal Executive Offices

Amoco Canada Building
444 Seventh Avenue S.W.
Calgary, Alberta T2P 0Y2

Registrar and Transfer Agent

National Trust Company, Limited
150 Toronto Dominion Square
Calgary, Alberta T2P 3B2

Change of Directors

On April 15, 1981, George H. Galloway retired as Chairman of the Board. He was succeeded by Henry O. Boswell.

On December 14, 1981, two of the U.S. Directors, Frederick S. Addy and Robert H. Frick, resigned and Fraser H. Allen retired as President and Director of the Corporation.

On December 14, 1981, Norman J. Rubash was elected President and Director of the Corporation.

Fraser H. Allen (left) retired as President, Amoco Canada Petroleum Company Ltd., on December 14, 1981. He was succeeded by Norman J. Rubash.

Amoco Canada's Board of Directors as of December 14, 1981. From left to right, R. Donald Fullerton (Director), Frederick S. Addy (Director), Henry O. Boswell, seated (Chairman), Neil J. Stewart (Director), Robert H. Frick (Director), Fraser H. Allen (President and Director), and Bruce R. Libin (Director).

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444 Seventh Avenue S.W.
Calgary, Alberta T2P 0Y2

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